GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Public Services– Commercial Taxes Department – Augmentation of revenues - Restructuring of the Department structurally and functionally to make it more efficient and result oriented – Orders issued.

REVENUE (COMMERCIAL TAXES-I) DEPARTMENT

G.O.Ms.No.419 Dated:01.06.2022

Read the following:-

1. Govt.Memo.No.REV01-CCST0ACTS(MISA)/7/2021-MLO-CT, Revenue (CT-I) Department,Dated:29.11.2022.
2. Govt.Memo.No.REV01-CCST0ACTS(MISA)/7/2021-MLO-CT, Revenue (CT) Department, Dated:22.02.2022.
3. Proposals of the CCST on Restructuring the Commercial Taxes department vide Ref. No REV03–17038/15/2022-D.SEC–CCT dt. 29.03.2022 Comp.file No.(1129048.)

ORDER

The Chief Commissioner of State Tax (CCST) vide reference 3rd read above, submitted proposals for restructuring the Commercial Taxes Department following the instructions of the Government on adopting best practises followed in other states for making the Commercial Taxes Department more focussed both structurally and functionally for generating more revenues in the light of the GST compensation regime coming to an end in June'2022. The proposal is based on the reports submitted by the teams deputed to other states to study the best practises in those states. The objective of restructuring is to structure the Commercial Taxes Department functionally, improve the process of monitoring, establishing focused responsibilities, effective use of technology, fixing accountabilities, strengthening enforcement/audit, improve tax collection efficiency and to augment the tax revenues.

2. The following are the details of the restructuring proposal examined for decision:-

I. Data Analytics Centre (DAC):

a. A Data Analytics Centre (DAC) will be established at State headquarters level comprising of technically competent team and Departmental officers.
b. The technical team will be well versed in application of data analytics of GSTN data base and E-way Bill Portal. The members of the technical team will be from the personnel hired along with the analytical tools procured by the department.
c. The DAC will be headed by an officer not below the cadre of Commissioner of State Taxes looking after IT and subordinate supporting officers.
d. Specific cadre of officers for working with the Data Analytical Centre for long term for ensuring continuity and specialization for data analysis in co- ordination with technical team preferably of technical background will be appointed through special recruitment process after due approvals.

(P.T.O.)

II. GST State Monitoring Committee:

a. All data extracted by the State Data Analytics wing shall be placed before the GST State Monitoring Committee by dividing all the identified cases of inconsistencies, deviations, suspected manipulations, mismatches, suspected evasion etc. into two categories of Audit and Investigation as per the action required to be taken.
b. The GST State Monitoring Committee shall after examination of all the cases will allot the cases either to the State Investigation/Audit teams or the zonal audit/investigations teams or to the regular divisions audit/investigations units.
c. The GST State Monitoring Committee shall be headed by Chief Commissioner with minimum 5 other officers as decided by the CCST including the Commissioner IT, who shall be the convenor of the committee.
d. This committee shall meet every 15 days for allocation of cases and for monitoring the progress of allotted cases.
e. A specific IT tool shall be developed by Commissioner (IT) for monitoring of such cases.
f. Cases identified by the field officers may also be taken up for audit/investigation by proper officer on the basis of a detailed factual report with observations sent to the competent authority for authorization.

III. Functional verticals for Audit/Enforcement:

GST evasion can be controlled by focused approach on monitoring the GSTN transactions, identifying the inconsistencies, deviations, fraud, evasion etc and prompt action on such identified wrongs. For which the existing structure of multiple function territorial jurisdiction units is insufficient. The study teams which went to other states like Rajasthan, Tamil Nadu, Maharashtra etc have reported best practices of exclusive units for enforcement and audit. On the similar pattern it is decided to establish distinct and separate functional verticals for Enforcement and Audit functions at Head Office (CCST Office) headed by Commissioner/ Spl. Commissioner (Enforcement) and Commissioners ST(Audit) and at Zonal level (three zones located at Tirupati, Vijayawada and Visakhapatnam) headed by the Additional Commissioners (ST) respectively. They will be assisted by DCs/ACs/Dy.ACs/GSTOs and ministerial staff. These functional verticals will be in addition to the Division level audit and enforcement activities presently undertaken by division heads (Joint Commissioners (ST)). While the designated Commissioners (ST) in CCST office will monitor the work of zonal and division offices, the CCST will have overall supervision on the audit and enforcement activities. The details are as follows -

i) Business Audit Units:

The cases as allocated by the GST State Monitoring Committee shall be given to the following three level business audit teams.

a. **State Business Audit Unit:** A State Business Audit unit shall be constituted at the State level headed by Commissioner ST (Audit). All identified cases having State wide ramifications would be dealt by audit units located at state headquarters. There will be two teams each headed by a Deputy Commissioner and supported by AC, GSTOs, Ministerial staff.

Contd... 3

b. **Zonal Business Audit Units** : At the zonal level 6 teams for audit shall be placed under the control of Additional Commissioner. One team will be headed by DC and the other five teams will be headed by Assistant Commissioners. Allocation of cases at the zonal level shall be done by the GST State Monitoring Committee. Allocation of cases at zonal level to the teams shall be authorized by Additional commissioner of the zone. Additional Commissioners will work under the monitoring of Commissioner Audit.

c. **The GST State Monitoring Committee shall allocate the remaining cases of audit (originating from either DAC or from the field) to the field officers on a Faceless Audit mechanism basis as per the GSTN process.**

ii) Enforcement

The allocation of cases identified for investigation by the GST State monitoring committee shall be done at three levels which are as follows

a. **State Enforcement Unit –** It will be directly under the control of Commissioner / Special Commissioner Enforcement at headquarters. It shall be allotted cases which require state wide investigation and having large tax implications. There will be two teams at state level each team headed by DC with DACs, GSTOs, Ministerial Staff.

b. **Zonal Enforcement Unit** - Cases having impact in more than one division shall be allotted to the zonal enforcement units headed by the Additional Commissioner of the zone. Each zone will have enforcement 3 teams one headed by DC and other 2 headed by AC. These teams shall, based on State DAW inputs and intelligence-based information will take up follow up investigative actions for cases in the zonal jurisdictions.

c. **Divisional Enforcement unit –** The remaining cases will be allocated to Divisional Units functioning under jurisdiction JCs.

d. Any other cases detected shall be taken up as per competency under the Act for further action.

IV. Special Circles :

Special circles will be created at the state level and each division level to have closer monitoring of the department for Large Tax Paying Units.

a. Two State Special Circles will be constituted in the office of the Chief Commissioner of State Taxes which will be headed by Joint Commissioner State tax.
b. Each State Special Circle will consist of top 100 taxpayers (services & goods) of the State with some priority to service suppliers in case they don't fall in the state top 200 category.
c. Similar kind of Special Circle (Large Tax paying Unit) shall also be there at Division Level, in the office of the Joint Commissioner of State Taxes.
d. Division level Special Circle will be headed by a Deputy Commissioner.

Contd... 4

e. Top100 dealers of the division as selected by the Joint Commissioner will be dealt by this circle.
f. The present structure and functions of Regular Circle will be continued for the rest of the tax payers.

3. To upgrade the two first Appellate Authorities from the present level of Joint Commissioner to the level of Additional Commissioner in tune with the proposal to establish special circles headed by Joint Commissioners (ST). The two offices in Vijayawada and Tirupathi will be continued and a new Appellate Authority will be established at Vishakapatnam. Until such time, the Vijayawada Appellate Authority will hold a camp office in Visakhapatnam for disposal of Appeals in that region.

4. To make Joint Commissioner (ST) as member from the State in the Advance Ruling Authority instead of Commissioner (ST) following the cadre of the Central Member in the Advance Ruling Authority.

5. To establish a staff college for regular and periodical training of the Officers in tax laws and other connected subjects on regular basis with state of the art facilities.

6. The CCST requested the Government to approve the proposal to restructure the Commercial Taxes Department.

7. Government after careful examination and considering the circumstances explained by the CCST on the necessity to augment revenues post compensation regime, hereby approve the proposal.

8. The approval is subject to adjustment of staff required within the sanctioned strength of the Department and the sanctioned financial allocations. Additional financial requirements if any, may be submitted separately.

9. The Chief Commissioner of State Tax is requested to take further action in the matter by submitting necessary proposals separately for notifying the territorial jurisdictions of the functional verticals, for posting the Officers in the regional Audit and Enforcement units, for allocation of specific duties to gazetted officers as may be required, for up-gradation of the Appellate Authorities at Vijayawada and Tirupati and to establish a camp office at Vishakapatnam until a new Appellate Authority is established at Vishakapatnam, for re-notifying the Advance Ruling Authority and to establish a full-fledged staff college.

10. This order is issued with the concurrence of the Finance Department in U.O.No.1689713 /HR-II/FIN01-HR0PDPP(RRD)/53/2022, Dated:30.05.2022.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N.GULZAR
SECRETARY TO GOVERNMENT (CT) FINANCE

To
The Chief Commissioner of State Tax, Andhra Pradesh, Vijayawada.
The Director of Treasuries & Accounts, Andhra Pradesh, Ibrahimpatnam.
The Pay and Accounts Officers, A.P Ibrahimpatnam.
The A.G (A&E)/Prl.A.G.(G(G&SSA)/Pr l. A.G.(E&RSA), Vijayawada.

//FORWARDED::BY ORDER//

SECTION OFFICER